

17 May 1963

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# WEEKLY SUMMARY

## OFFICE OF CURRENT INTELLIGENCE

State Dept. review completed.

# CENTRAL INTELLIGENCE AGENCY

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C O N T E N T S

(Information as of 1200 EDT, 16 May 1963)

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SOVIET AND CUBAN MILITARY ACTIVITY	1
At least some of the presumed military equipment delivered this month by the <u>Transbalt</u> was probably stored near Havana. An assembled cruise missile noted at Tapaste may have been related to an apparent mobility exercise concluded early in May at nearby Campo Florido.	
CASTRO'S USSR TRIP	1
The Cuban leader received red-carpet treatment throughout his tour of the USSR. There is no reporting on what progress, if any, is being made in economic or military talks that may be under way in Moscow.	
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SINO-SOVIET MEETING DATE SET	2
Talks are to begin on 5 July in Moscow, but both sides give every indication of preparing for negotiations that will be more a new confrontation than an effort at accommodation.	
<div data-bbox="126 1176 1369 1455" style="border: 1px solid black; height: 133px; width: 765px;"></div>	
SOVIET AGRICULTURAL INVESTMENT RISES	3
The large increase for agriculture in 1962's investment program might be a forecast for 1963 as well, although Khrushchev's public statements still stress resource-cheap solutions for farm problems.	
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The regime seems to be temporizing while it searches for a way to control its intellectuals without giving the appearance of an oppressive crackdown.	

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THE COMMUNIST WORLD (continued)

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**POPULAR DISCONTENT IN CZECHOSLOVAKIA**

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Although youth demonstrations have been effectively controlled by the police, they are likely to contribute to intraparty pressure on First Secretary Novotny to pursue a more liberal policy.

**RUMANIAN DIFFERENCES WITH MOSCOW CONTINUE**

6

Speeches by regime spokesmen stress national sovereignty. Bucharest has made gestures of confidence in its representative to the bloc economic organization in which the dispute was sparked.

**COMMUNIST CHINA SEEKS NONBLOC OIL**

7

It imported about 30 percent of its oil in 1962 and relied on the USSR for these purchases. Aside from the strategic advantage of an alternate source, Peiping might find oil cheaper elsewhere.

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ASIA-AFRICA

**OPPOSING MILITARY FORCES RESTIVE IN LAOS**

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Kong Le apparently still intends to take some limited action in the near future, while the Pathet Lao are improving their positions and could launch a sharp countermove.

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ITALY'S INTERIM GOVERNMENT Continuation of the center-left formula is favored by the cabinet parties and their Nenni Socialist parliamentary allies, but clarification of the latter's position must await their July party congress.	14

WESTERN HEMISPHERE

THE HAITIAN SITUATION <div data-bbox="337 1560 1276 1608" style="border: 1px solid black; height: 23px; width: 578px; margin-bottom: 5px;"></div> the scene inside Haiti appears quiet and the dictator's position at least temporarily more secure.	15
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ARGENTINE POLITICAL SITUATION The cabinet crisis and last-minute political maneuvering before the 20 May deadline for inscribing candidates for the 7 July elections are adding to political unrest.	17
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<u>WESTERN HEMISPHERE (continued)</u>	<u>Page</u>
SHOWDOWN IN BRITISH GUIANA	18
Neither the government nor the unions are disposed to compromise in the four-week-old strike, and new disturbances could break out at any time.	
TENSIONS IN COLOMBIA	18
Last week's security build-up against threatened demonstrations for the return of ex-dictator Rojas is symptomatic of the current political uncertainty caused by the deteriorating economic situation.	

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Cuba

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## SOVIET AND CUBAN MILITARY ACTIVITY

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[redacted] at least some of the equipment delivered by the presumed Soviet arms carrier Transbalt, which arrived on 5 May at Mariel, was transported to the San Francisco de Paula munitions storage area south-east of Havana. [redacted]

[redacted] a cruise missile assembled and positioned on a dolly at the Tapaste storage area six miles south of the probable cruise missile training facility at Campo Florido, east of Havana. The Tapaste site consists of 11 storage bunkers, some still under construction, and is reportedly used for the storage of radio and electronic gear, ammunition, and miscellaneous weapons. It is believed to be a Cuban installation, and no missiles or related equipment have been observed there in the past. The assembled cruise missile may have been related to the mobility exercise apparently conducted at Campo Florido the previous week.

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The Soviet passenger ship Baltika left Havana on 13 May after two days in port. [redacted]

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[redacted] Another Soviet passenger ship used regularly on the USSR-to-Havana run, the Maria Ulyanova, is scheduled to arrive in Cuba in about two weeks.

No significant activity has been observed at the four major Soviet armored camps during the past week. [redacted]

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## CASTRO'S USSR TRIP

Fidel Castro concluded a ten-day tour of various Soviet cities on 16 May and returned to Moscow for further talks with Khrushchev. His tour--which took him to Volgograd (Stalingrad), Tashkent in Uzbekistan, the Siberian city of Irkutsk, Sverdlovsk in the Urals, and finally Leningrad--was marked by red-carpet treatment. He spent more time in Uzbekistan than anywhere else. He met with Cuban agricultural students studying there and conferred with local Soviet officials who had helped organize an irrigation program for Cuba last year.

So far, there has been no reporting on what progress, if any, is being made in the economic and military talks that may be under way in Moscow.

The date Castro is to leave the USSR evidently is also a closely held secret. It remains uncertain, therefore, whether he will pursue his plans to visit Switzerland and Scandinavia on the way home. The timing of his trip to Algeria also continues obscure. [redacted]

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The Communist World

**SINO-SOVIET MEETING DATE SET**

The Soviet Union and Communist China have finally agreed to hold bilateral talks in Moscow on 5 July. The long series of proposals and counterproposals concerning the time and place for the meeting foreshadows the intense wrangling certain to take place there.

Both sides give every indication of preparing for negotiations that will be more in the nature of a new confrontation than an effort at accommodation. The Soviet Union has not yet publicized the meeting Chou En-lai had with Soviet Ambassador Chervonenko on 9 May, during which the Chinese proposed sending a delegation to Moscow for bilateral talks on 15 June. The Chinese statement on the subject contained only three terse paragraphs and noted that a formal reply to a Soviet note proposing an earlier date for talks would be forthcoming. Peiping's announcement of the date finally selected was also direct and noncommittal, with none of the usual expressions of hope for a successful outcome to the talks.

Peiping's choice of delegates gives another indication of difficulties ahead. Secretary General Teng Hsiao-Ping carried the brunt of the debate for the Chinese at the Moscow meeting of world Communist leaders in November 1960. He will be matched, as before, by

the leader of the Soviet delegation, M. A. Suslov, who ably presented the Soviet side in 1960. Aiding Suslov will be the USSR's top ideologists and specialists in interparty affairs: Ilichev, Andropov, and Ponomarev.

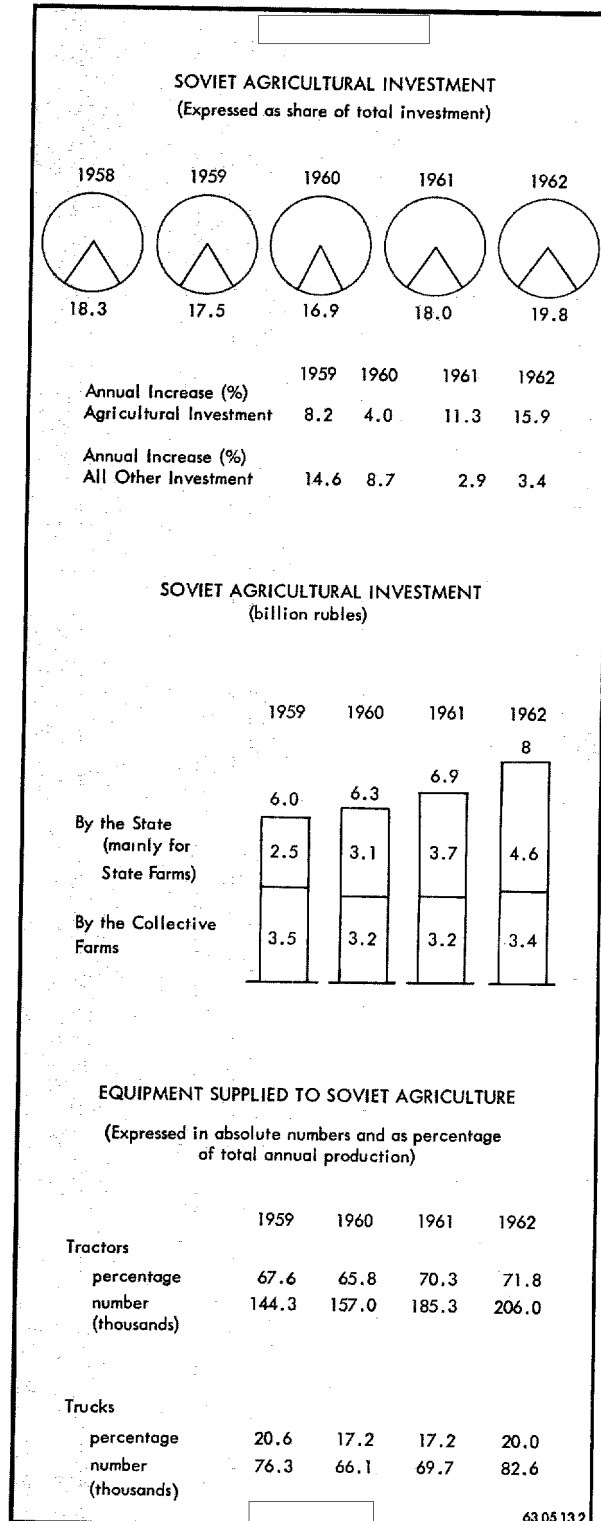
The coleader of the Chinese delegation, politburo member Peng Chen, was the head of the Chinese delegation to the meeting of Communist parties in Bucharest in June 1960. After one of Khrushchev's personal attacks on Mao Tse-tung, Peng countered by calling Khrushchev a "revisionist" who was creating illusions about imperialism. "We have no trust," Peng went on, "in your analysis of the world situation."

The Chinese continue to indicate this lack of trust. On the very day of Chervonenko's meeting with Chou En-lai, Peiping broadcast several bitterly anti-Yugoslav commentaries. Izvestia promptly printed a rebuttal applauding Belgrade's new constitution and contradicting Peiping's assertion that Yugoslavia was not a socialist country. Two days later, Tirana joined in with a typically Albanian abuse of Tito which included explicit condemnation of "Khrushchev and his group." China's Chief of State Liu Shao-chi also kept the polemical pot boiling in remarks to a Hanoi rally on 12 May by urging

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the cause of revolutionary struggle and disparaging the principle of peaceful coexistence.

While the Soviet Union has made clear that it will not compromise on its basic principles, its policy in Laos reflects an unwillingness to give the Chinese an unnecessarily easy target for criticism. Moscow still appears to be a

reluctant partner to the Pathet Lao's present aggressiveness, but it has stepped up its propaganda and diplomatic support in recent weeks. As has been true in the past when the ground was being prepared for talks with the Chinese, Soviet policy in general can be expected to take on a somewhat harder cast as protection against Chinese attack.

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#### SOVIET AGRICULTURAL INVESTMENT RISES

Investment in Soviet agriculture in 1962 registered the largest annual increase since 1955. This was probably the greatest investment gain allotted any major component of the economy.

While there is no real basis for determining that this is a firm trend, the relative increase in priority for agriculture in 1962 might be a forecast of the course of agricultural investment in 1963. During the first quarter, production of agricultural machinery was continuing to grow at a high rate. There recently have been several regime statements pointing to the necessity of improving the investment position of agriculture as one remedy for the poor production of the last several years. The latest, by party bureau chief for agriculture Vasily Polyakov, cites this as one of the most

important problems now facing the party.

Khrushchev, on the other hand, has been stressing the importance of resource-cheap expedients and has steered clear of new commitments. Recent decrees on certain aspects of farming--e.g., increasing potato output--have stressed the bootstrap approach for the current season.

In any event, the needs of agriculture are clear. Farm production has been virtually stagnant since 1958, but the population has increased by about 14 million. The plowing up of millions of acres of fallow and grass lands, a program introduced last year, has greatly increased needs for equipment and fertilizer.

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### LULL IN SOVIET CAMPAIGN AGAINST CULTURAL NONCONFORMISTS

The Soviet leadership appears to be temporizing in its cultural policy while it continues its search for a way to control its restive intellectuals and at the same time avoid the appearance of an oppressive crackdown. Invective directed against individual writers, artists, and musicians which reached a peak in late March and early April has abated without the imposition of harsh punitive measures. The central committee plenum which was to be attended by the creative intelligentsia, scientists, and educators has been postponed from 28 May to 18 June.

Discussion of plans for reorganizing the cultural unions and centralizing control of publications has also lessened. There have been no known purges of editorial boards, no expulsions from the unions, and no arrests. The only significant personnel shift to date has been the replacement of the moderate Stefan Shchipachev with the conservative Georgiy Markov as head of the Moscow branch of the Writers' Union.

The regime not only has failed to follow through with threatened repressive measures, but reportedly has recently released three of the four writers confined in insane asylums last year. Their return home will probably lend further encouragement to the liberal writers.

Attendance at the Young Writers' Conference in Moscow from 7 to 10 May was notably lackluster. The prestige-laden

names which would attract the attention of Soviet readers had recently been under heavy attack, and apparently none of the well-known young writers could be trusted to follow the correct line from a public platform. Those who did were described as primarily factory and farm workers who wrote in their spare time, and the sections offering advice on writing techniques were chaired by conservatives who are not widely popular with the reading public. The speeches of Konstantin Fedin, who opened the meeting, and of Writers' Union Secretary Aleksey Surkov contained encouragement to the liberals. Their moderate tone contrasted strongly with the harsh personal attacks launched by Komsomol Secretary Sergey Pavlov, who warned against tolerance for the "germs" of bourgeois society in ideology.

The central committee session, as originally announced on 9 April, was to hear a report on party tasks in the field of "ideology" from Chairman of the Ideological Commission Leonid Ilichev. At that time it appeared that the plenum would further the attack on the dissident intellectuals. Its postponement and the abatement of the harsh propaganda campaign suggest that the regime now will try some other approach, apparently realizing that its efforts to date have only muffled the dissident voices but have had little or no permanent impact.

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#### POPULAR DISCONTENT IN CZECHOSLOVAKIA

Continued popular dissatisfaction over the economic situation, ferment among the Czech and Slovak intellectuals, and signs of uncertainty in the party leadership suggest that the regime is faced with a potentially unstable situation.

An antiregime demonstration attempted by young workers and students on 1 May has been followed by two other outbreaks. Shortly after midnight on 11 May, 250-300 youths beat up two foreign students--one African and one Arab--on Prague's central street, apparently without police intervention. That evening, at the same spot, a group of Czechs attacked two more African students, attracting a crowd of several hundred persons. After police broke up the fight, youths from the crowd slashed the tires on the car of an African ambassador who had arrived at the scene.

Czech students, like the public at large, are resentful of the regime's economic commitments to underdeveloped areas

which they believe lower their own standard of living. The students also are angered by the large number of scholarship students from these areas and by the favored treatment the government accords them.

These conditions have been aggravated in recent weeks by the flood of rumors concerning the current party purges and the possible rehabilitation of victims of the Slansky trials.

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Although the public manifestations of discontent have been effectively controlled by the police, they are likely to contribute to the pressure on Novotny within the party to pursue a more liberal policy and initiate effective de-Stalinization.

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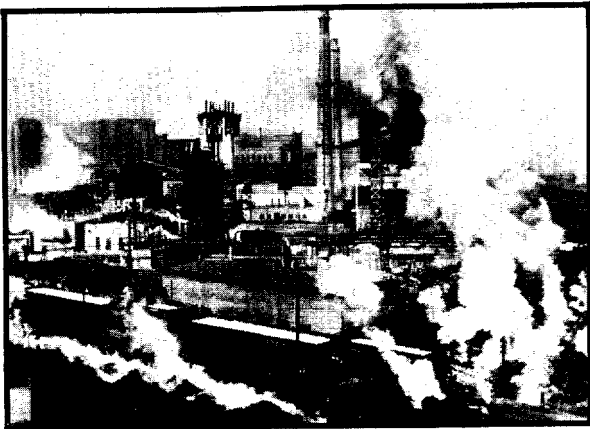
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Party boss Gheorghiu-Dej (second from left front row) conducts Khrushchev (center) and his party on a tour of Rumania's iron and steel combine at Hunedoara in June 1962.



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An exterior view.

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The Communist World

**RUMANIAN DIFFERENCES WITH MOSCOW CONTINUE**

Rumanian-Soviet differences over bloc economic policies continue unresolved. Recent speeches by regime spokesmen in Bucharest stressed the need for national sovereignty, and the regime has made gestures of confidence in Alexandru Birladeanu, its representative to the Council for Mutual Economic Assistance (CEMA). Rumania's stand may have been a major reason for convening the CEMA Executive Committee in Warsaw on 10 May--described by Bucharest as an "extraordinary" session.

CEMA's apparent desire for abandonment of certain projects for the rapid development of Rumania's basic industries is regarded by Bucharest as interference in its plans for a well-rounded economy. Reportedly, CEMA also wants Rumania to redirect to other bloc states some agricultural and raw material exports presently used to purchase technical machinery in the West. Although Rumanian officials favor closer cooperation within CEMA, they advocate it only on the basis of voluntary coordination of national economic plans and oppose establishment of a supranational CEMA authority.

During Rumania's celebration of Lenin's birthday on 23 April, the main speaker said "relations of a new type (have been) established among the socialist states--relations whose immovable law is their complete equality in rights, strict respect for independence and national sovereignty . . ." The principal May Day speech--stressing the need for "strict respect of national independence"--

was delivered by Deputy Chairman of the Council of Ministers Emil Bodnaras, a politburo member who is considered Moscow's right-hand man in Bucharest. His selection was probably designed to demonstrate that all elements of the party solidly support the regime in its opposition to Moscow's CEMA plans.

The May Day celebrations made little reference to the USSR and, in contrast to past years, not one living Soviet leader was portrayed. An editorial on 1 May in the Bucharest City Party Committee Agitator's Notebook stated that "the sole basis for progress in the national economy, for continuous strengthening of economic and political independence of the country, is the machine-building industry." The reference to "political independence" in this context by a party publication is unprecedented.

Birladeanu, although reportedly told by other CEMA representatives to relinquish his post, attended the 10-14 May Executive Committee session. He was designated by the regime to meet UN Secretary General Thant when he arrived on 4 May in Rumania. Birladeanu has never before fulfilled such a protocol function.

Peiping may plan to exploit Rumanian-Soviet differences. On 28 April People's Daily featured the entire text of the communiqué issued after a 5-8 March Rumanian plenum which contained the first definite indication of the dispute. The paper also gave preferential treatment to Rumania in its initial reportage of May Day celebrations.

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COMMUNIST CHINA SEEKS NONBLOC OIL

Communist China apparently is seriously investigating non-bloc sources of petroleum products to cover its import needs --about 30 percent of its total supply in 1962.

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Several motives might be behind such approaches. Most of Peiping's petroleum imports now come from the USSR, and Moscow could cease or reduce deliveries if its dispute with Peiping worsens. Nonbloc oil delivered by tanker would be cheaper than Soviet oil, most of which is brought in by rail--an extremely expensive form of transport. In addition, strategic concerns might indicate development of several sources.

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China does not now purchase crude oil, but imports only petroleum products. Soviet deliveries reached 3.2 million tons in 1961 but fell to 1.9 million tons in 1962.

Last year, domestic crude oil processed in Chinese refineries provided 4.3 million tons of petroleum products, 70 percent of the total supply.

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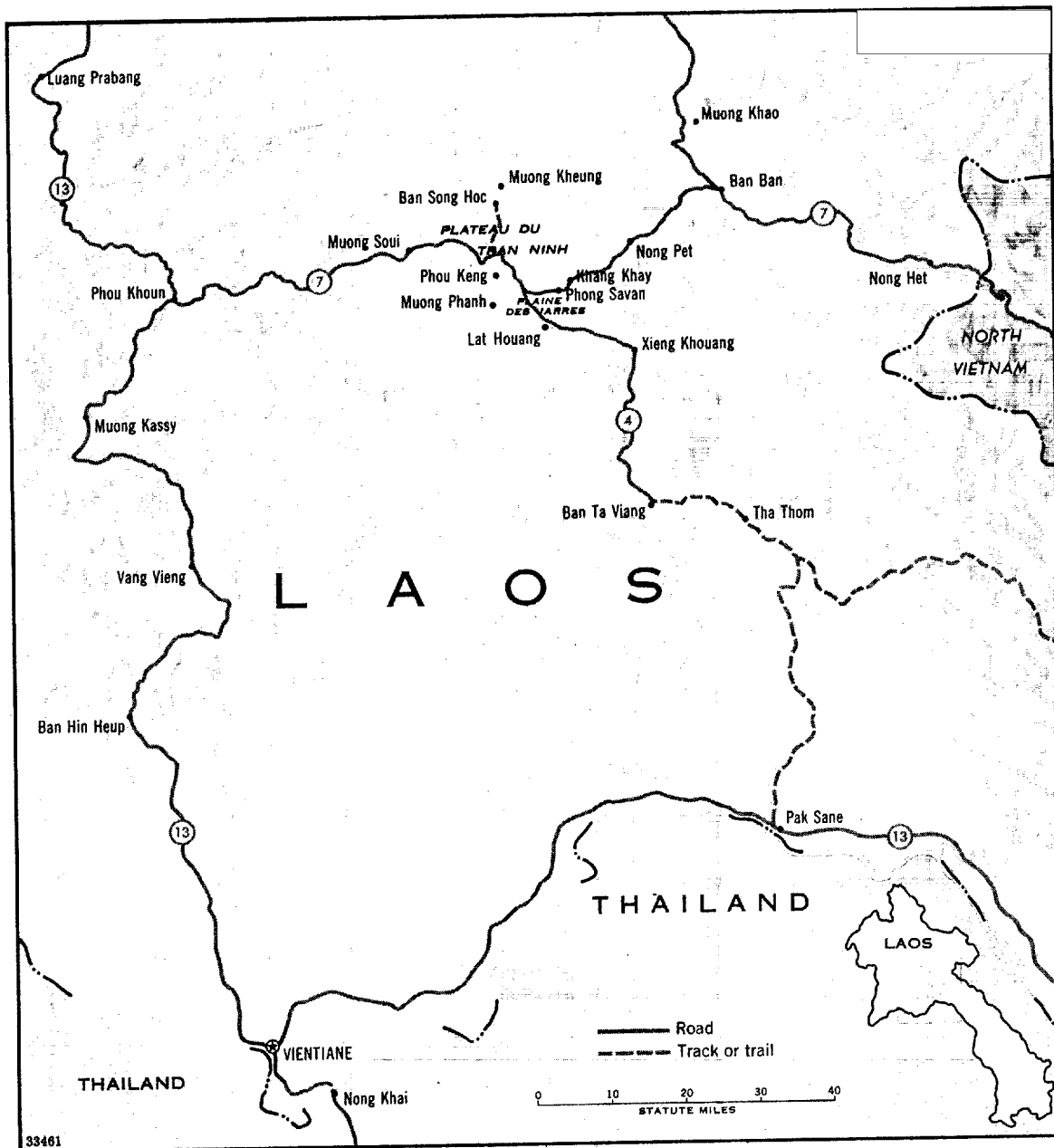


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Asia-Africa

**OPPOSING MILITARY FORCES RESTIVE IN LAOS**

Both the Kong Le and Pathet Lao military forces appear restive amid the continued political stalemate in Laos.

Kong Le apparently still intends to take some limited action in the near future to recoup some of his losses in the Plaine des Jarres. The timing and scope of this action is indefinite, but recapture of Xieng Khouang town appears to be a primary objective.

The Communists, meanwhile, have reinforced Xieng Khouang and other positions in the Plaine des Jarres. Despite Meo efforts at interdiction, supplies continue to arrive from North Vietnam over Route 7. In other areas also, particularly in south-central Laos and in the Vang Vieng area north of Vientiane, the Communists continue to improve their positions. Although a limited offensive by Kong Le in the Plaine des Jarres might succeed, such action could result in sharp Communist counter-moves and a serious escalation of the fighting.

The USSR continues to resist efforts by the UK, the

other chairman of the Geneva conference in Laos, to secure Soviet cooperation in discharging their responsibilities. On 10 May, for the second time in three weeks, Moscow ignored British objections and made public its own draft of a message it had proposed that the co-chairmen send to Premier Souvanna Phouma. The message repeated Pathet Lao charges that the dispatch of Indian and Canadian representatives on the International Control Commission (ICC) to the Plaine des Jarres violated the Geneva agreements and argued that ICC activities require the unanimous consent of all three Laotian factions. The Soviet draft also endorsed the Pathet Lao proposal to replace General Phoumi's security force in Vientiane with a tripartite police force.

Moscow's support of Pathet Lao attempts to frustrate the ICC underscores the Soviet leaders' unwillingness to risk exacerbating their relations with the Chinese Communists and North Vietnamese before the Sino-Soviet negotiations in July.

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Asia-Africa

**NASIR STILL EMBROILED WITH OTHER ARAB REGIMES**

The Baathist-Nasirist struggle has intensified during the past week. It continues to be centered in Syria, with side effects in Iraq.

In Damascus, Salah al-Din Bitar's cabinet was reshuffled on 13 May, after an attempt to form a cabinet under moderate pro-Nasirist Dr. Sami al-Jundi had failed. The new cabinet is even more strongly Baathist than its predecessor, with pro-Nasir elements largely replaced by nonpolitical civil servants. Army Chief of Staff Hariri, who opposes union with the UAR, has taken over the Defense Ministry in addition to his previous duties and seems on the way to becoming Syria's strongman.

Cairo has promptly charged that the new cabinet is a setback for Arab unity and has stated publicly that Egypt will not accept domination of Syria by the Baath.

There have been riots in the northern Syrian city of Aleppo, which continues to be a pro-Nasir stronghold. It is doubtful that any non-Nasirist government, even one strongly for union with Egypt, could maintain order there without severe repressive measures. Aleppo's large urban Moslem proletariat is almost solidly pro-Nasir; the city's Christians, about 40 percent of the population, remain on the sidelines although they are bas-

ically anti-Nasir. The existence of such a substantial Christian population helps engender strong pro-Nasir sentiment among the Moslems. Traditional rivalry with Damascus, the capital, is an additional factor in Aleppo's dissidence.

Although the Iraqi regime is as much under Baathist control as that in Damascus, Cairo thus far has soft-pedaled its antipathy toward the new cabinet in Baghdad.

The new Iraqi cabinet is essentially the same as the old one, except that Baathist leader Ali Salih al-Sadi has been shifted from the key Interior Ministry to the Guidance Ministry, while retaining the title of deputy prime minister. His replacement is another strong Baathist. Two non-Baathist critics of the regime were dropped from their posts. Their replacements were a non-Baathist civil servant and a Baathist former general.

An innovation in both the Syrian and Iraqi cabinets is the appointment of ministers of state for "unity affairs"--an attempt to continue the fiction that the Baathists want to move further toward a real union of the two countries with Egypt. Syrian Prime Minister Bitar has used the creation of these posts to imply that it is Cairo that is lagging on unification, since Egypt has not appointed such a minister.

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Asia-Africa

AREA NOTES

Cyprus: An early settlement of Cyprus' explosive municipal administration issue seems less likely than ever. Following a court decision late last month invalidating unilateral actions taken by both Turkish and Greek Cypriots, leaders of the two communities began talks to try to resolve the dispute. Last week they publicly acknowledged they had failed. The court decision has left the island's five major towns without local administration, and President Makarios has moved to rule them directly--over the protests of the Turkish community. Tensions are rising, and one inter-communal clash has already occurred.

Greece and Turkey, which together with Britain constitute the "guarantors" of the London-Zurich agreements which established Cypriot independence, may be drawn further into the dispute. Athens has already urged moderation on Makarios, but its influence on him appears to be waning. The Turkish Cypriots are more responsive to Ankara, but the Turkish Government feels itself under strong pressure to support them rather than hold them back. One of the Greek Cypriot cabinet members has urged the US to intervene to "keep us from killing ourselves."

Congo: Prime Minister Adoula's program for retraining the Congolese armed forces is giving him problems. There continue to be Afro-Asian objections to his selection of NATO members and Israel as the countries to supply the instructors. Moreover, three of these states--Norway, Canada, and Italy--are reluctant to provide training through separate bilateral arrangements with Leopoldville rather than under a UN umbrella.

However, despite probable attacks at the African "summit" conference in Addis Ababa and at the new UN General Assembly session on the predominant role assigned Belgium, Adoula continues to insist he will not give in and continues to reject the idea of asking any African countries to help.

Meanwhile UN officials apparently plan to withdraw all 12,000 UN troops from the Congo by the end of the year.

Tshombé stated on 10 May he would head a delegation to Leopoldville soon to try to resolve some of the remaining problems of reintegrating Katanga into the Congo proper. A member of his entourage has stated that Tshombé also plans to go to France for a medical checkup and rest.

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The "ecretement" (leveling-off) plan originated in Bonn, but has been most vigorously espoused by France as an alternative to the US proposal that -- with a limited number of exceptions -- all tariffs on industrial items be reduced by 50 percent. As now generally understood, "ecretement" is intended to achieve a harmonization of tariff levels by the major industrial nations -- e.g., 10 percent for finished goods, 5 percent for semifinished, and zero for raw materials. As a first step toward this, these nations would reduce by 50 percent the difference between their present rates and the suggested target rates, the remaining difference presumably to be eliminated later.

The rationale for "ecretement" is derived primarily from the fact that, while the average levels of the EEC's common external tariff (CXT) and the US tariff schedule are about the same, there is a greater spread in the US tariff rates. Most of the CXT rates fall in the 15-25 percent range, largely because the high and low tariffs were eliminated when the EEC calculated the CXT by averaging the national rates of the six member countries. About 22 percent of the US tariff rates, however, are above 30 percent, and these rates apply to about 7 percent of the total volume of US trade. Supporters of the "ecretement" plan have therefore alleged that the US would still retain substantial protection even after these high rates are halved.

The US has vigorously opposed "ecretement" for a variety of reasons, among them the fact that it would not result in as great a reduction in tariffs as the US legislation proposes. Moreover, the US believes that certain low tariffs -- which would not be reduced under "ecretement" -- may be as great an obstacle to trade as high rates. Finally, "ecretement" would require larger tariff reductions from the US than the EEC, thus failing to assure the US of full reciprocity.

Concerning agriculture, the US has proposed that agricultural trade be treated in the forthcoming trade talks in three categories -- those covered by tariffs, those covered by other restraints (such as the EEC's variable import levies), and those for which world-wide commodity agreements may be negotiated. The US has also sought interim EEC guarantees against diminution of its markets in the EEC for farm items. The EEC, however, has so far declined to make any specific commitments as to how agricultural products should be treated, because there are still major gaps in the EEC's common agricultural policy (CAP). For example, the organization of the EEC's internal market for dairy products, beef, and rice has yet to be decided, France and West Germany are at odds over financing the CAP, and these two countries are also at opposite poles over the future support-price level for grains.

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Europe

**PROSPECTS CONTINUE DIM FOR US-EEC TRADE TALKS**

The 8-9 May meeting of the Common Market's Council did little to alleviate the problems facing the US trade expansion program. It authorized EEC participation in the tariff negotiations envisaged by the Trade Expansion Act (TEA), but the two sides are still far apart on specifics.

The Council's mandate regarding the TEA negotiations falls short of US hopes in two important respects. With regard to trade in industrial items, it endorsed the idea of a "linear, automatic, and general" cut in tariffs, but avoided any commitment to an across-the-board reduction of 50 percent as proposed by the TEA. Instead, the Council suggested that the GATT establish a working party to "evaluate" the US and "any other" proposals, referring specifically to the problem allegedly posed by the disparity between the US and EEC tariff schedules. The effect of this is to keep alive the French-espoused "ecretement" plan for harmonizing tariffs among the major industrial nations--a plan which the US rejects but which is backed to some extent by France's EEC partners. (See background data on facing page.)

Although the Council agreed "in principle" with the US position that the GATT negotiations should deal with trade in agricultural products, this EEC commitment is also imprecise. The Council rejected the French demand that GATT talks on agriculture must await the full elaboration of the EEC's common agricultural policy (CAP), but also stated that "thoroughgoing agricultural negotiations will only be carried out to the extent that the EEC will

have formulated common positions." In effect, therefore, the easing of trade restrictions in the agricultural sector is contingent--as before--on the EEC's resolving its deep internal differences over farm policy.

In view of these positions, it remains doubtful that preparation for the TEA negotiations can be completed by early next year, nor is their success assured once they have been organized. Some observers believe that France has seized upon the "ecretement" plan because it wishes only the minimal reductions in EEC tariffs in keeping with the objective of creating an autarchic community. Nevertheless, Paris has marshaled considerable support among the other EEC members for the argument that a straight linear cut in tariffs would leave the US with substantial protection on certain imports and deprive the EEC of bargaining powers in any future tariff negotiations.

It has also long been evident that France is tough on the TEA issue in part to persuade the other EEC members to complete the CAP. Protectionist sentiment among the West German farmers, however, is the main obstacle to agreement on the CAP, and France is not alone in pressing for early agreement on farm policy. Moreover, a Common Market restricted to free trade in industrial products only is neither the kind of community envisaged by the EEC treaty nor one which would likely prove to be viable.

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Europe

**CLOSE FRENCH-GERMAN RELATIONS CONTINUE**

Political ferment in West Germany and disagreements within the European Economic Community on various issues do not appear to have set back Franco-German cooperation. The treaty covering their relations was overwhelmingly approved by the lower house in Bonn on 16 May with the support of the Social Democrats, and the upper house is expected to do the same when it meets on 31 May. The French plan to submit the treaty to their National Assembly after ratification by the German parliament.

The West German act of ratification contains a preamble which specifically asserts that the treaty in no way conflicts with Bonn's commitments to its other North Atlantic allies and in fact aims at promoting Germany's established foreign policies. French Government spokesmen will probably make similar statements to the National Assembly when the treaty is presented, but will not have them incorporated into the ratification law.

Cooperation in the military field continues at an even pace.

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No specific date has yet been set for De Gaulle's next visit to Germany, although it is expected to take place sometime in July. Willy Brandt invited him to West Berlin, but De Gaulle's answer was noncommittal, and such a visit seems unlikely at this time. He did agree with the West Berlin mayor, however, that a visit to the city might be possible in early 1964.

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Europe

# **ITALY'S INTERIM GOVERNMENT**

The immediate problem facing the new Italian Parliament is the make-up of the interim government pending clarification --at a party congress set for 18-21 July--of the Nenni Socialists' future relationship with the government. Continuation of the center-left formula is the aim of the cabinet parties and their Socialist parliamentary allies, but agreement on a prime minister remains a stumbling bloc.

Premier Fanfani's enemies want to oust him, but no likely successor wants to head a caretaker government. Christian Democratic Party Secretary Moro, who is generally favored to succeed Fanfani, would be unwilling to relinquish his party post to

head a temporary regime and probably would prefer to hold off until he could be assured of increased Nenni Socialist backing. Should Fanfani be forced out, other possible interim successors include: Interior Minister Taviani, Chamber of Deputies President Leone, Industry Minister Colombo, and Benigno Zaccagnini, head of the Christian Democrats' parliamentary group.

Whether the Socialists actually enter the cabinet will depend in large degree on the attitude of the Christian Democrats' right wing.

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Western Hemisphere

### THE HAITIAN SITUATION

The scene inside Haiti appears quiet and dictator Duvalier's position at least temporarily more secure than ever.

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The regime, meanwhile, is turning its efforts to rallying demonstrations of "popular support." Presumably the stage is being set for the mass celebration scheduled to take place in Port-au-Prince on 22 May.

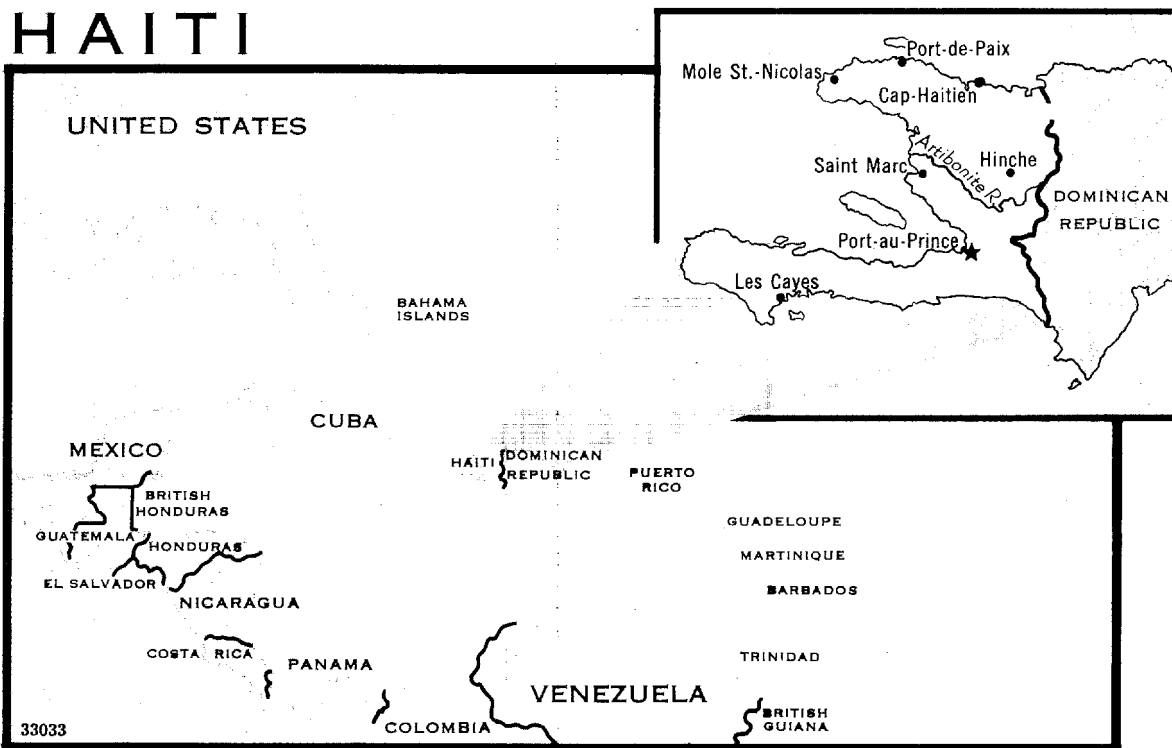
Duvalier on 15 May publicly denied he was contemplating leaving the country. He said also there was no truth to reports he would declare Haiti a "socialist republic" on 22 May. The Haitian consul in Miami reportedly believes, however, that if Duvalier remains in power through the end of the

month, he will take his country out of the Organization of American States and turn to Cuba or the Sino-Soviet bloc for aid. Factors impelling him in this direction, according to the consul, include the urgings of his Marxist-inclined minister of public works and trusted lieutenant, Luckner Cambronne, and the 12 May announcement of the formation of a Haitian "government in exile" under politicians Louis Dejoie and Daniel Fignolé.

The Dejoie-Fignolé organization evidently constitutes an attempt by leading exile figures to bury differences temporarily and attract wide support from the Haitian people. Its two primary leaders have been political rivals at least since early 1957 and differ ideologically, although both used Castro's radio to propagandize against Duvalier in 1959. Dejoie is a conservative from the small, formerly dominant mulatto class, while Fignolé is a demagogic non-Communist leftist who enjoys considerable support among the mass of Haiti's Negro laborers. Both men probably would attempt to overshadow the independents, leftists, and democratically oriented reformers they claim are associated with them now.

There have been no indications that any government

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will grant recognition to the Dejoie-Fignolé group. Dejoie told the press he expected recognition from Dominican President Juan Bosch, but a public statement by Bosch on 15 May appeared definitely to rule out this possibility. The exiles may also have hoped for recognition by Venezuela, which officially severed diplomatic ties with Haiti on 15 May, but Venezuelan officials have stated that recognition would not even be considered.

Other Haitian exile groups have denounced the "government in exile." Pierre Rigaud, a leader of the Dominican-based "Democratic National Union" organization, has asserted that the only "valid" Haitian government would be "the one that arises within Haiti."

Bosch appears to be disengaging himself from events in Haiti and to be giving the initiative to the OAS--for which he has little respect--and to the United States. He told Ambassador Martin on 14 May he would "do nothing whatever about Haiti now," since the "psychological moment" for acting had passed. Dominican troops are withdrawing from the border area and can be expected to continue to do so if the situation remains calm. All could be quickly redeployed, however.

Dominican authorities apparently prevented a Haitian exile group in their country

from invading Haiti on the night of 14-15 May. This group, identified as the "United Revolutionary Front" of Jacques and Raymond Cassagnol, may have intended to take over an area of Haiti in order to permit the Dejoie-Fignolé group to establish itself there and press for recognition abroad. Raymond Cassagnol, obviously furious over the Dominican action, has charged US interference and has threatened continued "sabotage and terrorism" in order to topple Duvalier.

Ambassador Thurston in Port-au-Prince suggests some dramatic new move in French-Haitian relations--possibly a French invitation to Duvalier to visit France in the near future--may be imminent. He notes that Haitian officials have evidently been pleased with the contents of a recent letter from De Gaulle to Duvalier. Duvalier had appealed to De Gaulle in March for economic aid, and this subject presumably was taken up in the French President's reply.

The Liberian ambassador to Haiti, author of a recent proposal discussed with US officials to appeal to Duvalier to step down, now has changed his view. He told Ambassador Thurston on 14 May that, since Duvalier may feel he has come through the recent crisis in relatively good shape, this would be the wrong psychological moment to make such a demarche.

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## ARGENTINE POLITICAL SITUATION

Argentina's latest cabinet crisis is not likely to be resolved for at least several more days. Meanwhile, the intense political maneuvering before the 20 May deadline for inscription of candidates for the 7 July elections is adding to the political unrest.

President Guido has so far managed to replace half his eight-man cabinet, which resigned on 12 May, but he will probably need another week or two to complete it. A major difficulty is probably the reluctance of those approached to accept short-term appointments during a period of political turmoil that is likely to last until the inauguration of a new government, set for 12 October.

Former Interior Minister Rauch precipitated the cabinet resignations. As part of his campaign against the "corrupt" influence of ex-dictator Peron, ex-President Frondizi, and Frondizi's adviser, Rogelio Frigerio, he published statements implying malfeasance in office on the part of four ministers. While many military and civilian elements supported Rauch's general line, they considered his tactics clumsy, overdrawn, and a possible threat to the election schedule.

Rauch's successor is Brig. Gen. Osiris Villegas, whom embassy officials consider an able officer and thoroughly pro-Western. He strongly supports army commander Ongania, the dominant figure behind Guido, and is on record in favor of going through with the elections.

Appointed labor minister was Bernardo Bas, lawyer and trade union adviser, [redacted]

[redacted] was approved by Ongania. Temporary appointments include Acting Foreign Minister Tiburcio Padilla, a former health minister, and former Public Works Minister Zubiri, who is handling the economy ministry.

In the meantime, Peronist leaders are disturbing the political atmosphere by their deliberately two-sided electoral strategy. Peronist Coordinating Council President Matera declared in a radio and television address to his party on 13 March that their Popular Union (UP) party would not take part in any electoral fronts,

The front's formation--by the UP, Frondizi's UCRI, and five other small parties--is a matter of public record, but Matera's speech, [redacted] dis-  
guises Peronist intentions. [redacted]

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## SHOWDOWN IN BRITISH GUIANA

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Neither the Jagan government nor the Trade Union Congress shows any disposition to make the compromises necessary to settle British Guiana's general strike, now in its fourth week. The government's declaration of a state of emergency last week increased tension, and new disturbances could break out at any time.

Premier Jagan, influenced by extremist advisers, refuses to withdraw the controversial labor legislation that caused the walkout.

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Japan on 15 May requested the legislature to extend the state of emergency for three months. Despite some waverers, his small majority in the assembly is expected to hold firm. This makes remote the possibility of a no-confidence vote on the way he has handled the strike situation.

## TENSIONS IN COLOMBIA

The tensions and security build-up generated last week by the threat of demonstrations to promote the political comeback of ex-dictator Rojas Pinilla are symptomatic of the deep sense of uncertainty that now pervades Colombia's political life. Bogota, on 10 May, was an armed camp. Up to 4,000 persons were detained, business activity was severely curtailed, and public transportation came nearly to a standstill.

Underlying much of the current uneasiness is a widespread lack of confidence in President Valencia's administration stemming from dissatisfaction with his failure to do

Jagan's recent offer to resign and hold new elections was a ploy indicative of the tensions he is under, because the terms in which it was couched are not acceptable either to the British or the opposition parties.

Meanwhile, the government, acting under its emergency powers, has started to take over the distribution of food and fuel, both of which are in short supply. Shortages may remain acute, however, if workers elsewhere in the Caribbean, notably in Trinidad, embargo shipments to British Guiana as a token of support for the strikers. Government officials claim they have asked Cuba for petroleum products, a request Havana might honor as a gesture of solidarity with Jagan.

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anything about steadily deteriorating economic conditions. The cost of living, for example, is up 20 percent since December and still rising. Also, Colombia's poor foreign exchange position could develop into a balance-of-payments crisis before the end of the year.

The sense of futility created by these conditions is stifling business, prompting an increased flight of capital, and aggravating unemployment. Valencia, by allowing the situation to drift as he has, is thus courting more trouble for his regime. There is a strong likelihood that labor unrest already manifest in the strikebound oil industry will spread.

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